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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20180143-EI

PETITION TO INITIATE
RULEMAKING TO REVISE AND
AMEND PORTIONS OF RULE
25-6.0426, F.A.C., RECOVERY
OF ECONOMIC DEVELOPMENT
EXPENSES, BY FLORIDA POWER
& LIGHT COMPANY, GULF POWER
COMPANY, AND TAMPA ELECTRIC
COMPANY.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 3

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY

DATE: Tuesday, May 14, 2019

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: DEBRA R. KRICK
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
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1 P R O C E E D I N G S

2 CHAIRMAN GRAHAM: Okay. Item No. 3.

3 Okay, staff, No. 3.

4 MS. DAVIS: I am Lauren Davis of the
5 Commission's legal staff.

6 Item No. 3 is staff's recommendation to amend
7 the Commission's rule addressing the recovery of
8 economic development expenses by public electric
9 utilities to further encourage these utilities to
10 promote continued economic development.

11 Staff is recommending that subsection (3) of
12 the rule be amended to increase the cap on
13 recoverable economic development expenses to either
14 the greater of .15 percent of jurisdictional gross
15 annual revenues or five million as set forth in
16 Attachment A of staff's recommendation.

17 After considering all stakeholder input, staff
18 believes the recommended rule amendments as set
19 forth in Attachment A will provide public electric
20 utilities with the opportunity for increased
21 economic development spending to the benefit of the
22 state of Florida.

23 Staff is also recommending that the Commission
24 certify the rule as a minor violation rule.

25 There are some stakeholders who would like to

1 address the Commission on this item. Staff is also
2 available to answer any questions the Commission
3 might have.

4 CHAIRMAN GRAHAM: Thank you, staff.
5 Commissioners.

6 COMMISSIONER CLARK: Mr. Chairman.

7 CHAIRMAN GRAHAM: Yes.

8 COMMISSIONER CLARK: I will -- I will, I
9 guess, opine here for one second on this.

10 I thank you, to the staff, for the work that
11 you did in helping to get this rule to a place
12 where I think that the utilities can do and benefit
13 the communities they serve in the best way.

14 I had the opportunity to work in the economic
15 development field for a number of years on the
16 utility side of this, and understand. And I
17 think -- I don't think anyone would question that
18 some of the best economic development work that has
19 been done in the state of Florida has been led by
20 the utility companies for the last 25 years. And I
21 think that giving them the flexibility to do more
22 in those areas has an absolute ultimate benefit
23 back to those customers that are being served.

24 The additional load growth that is developed
25 usually at very, very much higher capacity -- very

1 much higher power factor ratings help to offset the
2 incremental cost for kilowatt hour for all
3 consumers, and I think it is a win-win. So thank
4 up for the recommendation from staff.

5 Thank you, Mr. Chairman.

6 CHAIRMAN GRAHAM: Commissioner Fay.

7 COMMISSIONER FAY: Mr. Chairman, I just had a
8 question for the utilities, if that's --

9 CHAIRMAN GRAHAM: Sure.

10 COMMISSIONER FAY: -- okay at this time.

11 CHAIRMAN GRAHAM: Sure.

12 COMMISSIONER FAY: Based on the item in front
13 of us, I know that the Commission receives
14 information about these economic development
15 projects, and I have sort of -- it's sort of an
16 open-ended question that I think anyone can answer,
17 but can you talk a little bit about -- I know our
18 Governor was just up in the northeast trying to
19 recruit companies down to Florida, and that's been
20 a pattern for the past, you know, almost past
21 decade.

22 Does some of this economic funding relate to
23 any of that, or is that also something that you are
24 working on from an incentive basis?

25 UNIDENTIFIED SPEAKER: Good morning,

1 Commissioner, Crystal Stiles, Director of Economic
2 Development for Florida Power & Light Company. I
3 will take a stab at answering that question.

4 Certainly, business attraction is an important
5 component of the economic development work that we
6 do. Florida has a complex and, I think, very
7 competitive economic development system that is
8 certainly led by our Governor. There are many
9 participants. And so traveling to areas that might
10 be higher cost to talk with companies that we
11 believe can find competitive advantage here in
12 Florida is a strong part of, I think, all of our
13 plans and strategy around economic development.

14 COMMISSIONER FAY: Yeah. And can you just
15 describe some of the other expenses, like what
16 these things would look like?

17 FEMALE SPEAKER: Sure. At FPL, we focus on
18 business retention. So making sure that our
19 current customers are able to succeed and grow,
20 employing our -- employing folks in the service
21 territory, as well as looking at competitiveness
22 and what we call capacity building, which is
23 working with our local and state economic
24 development organizations make ensure that they are
25 ready to compete for these jobs when they are

1 considering their communities.

2 COMMISSIONER FAY: One just follow-up.

3 I know there were some different
4 recommendations in front of us based on positions
5 that we are taking, and that's part of the
6 rule-making process. I know there is a theory of
7 kind of a step-up analysis that potentially would
8 adjust that. I recognize that this hasn't been
9 adjusted in a long time, and that's part of the
10 discussion here.

11 But do you believe, I guess, with the proposed
12 staff recommendations in front of us that would
13 still, at least for a good time period, address the
14 ability of these utilities to spend at the levels
15 that they think they would?

16 MS. KING: I can take that one. I am Jim
17 King, counsel for FPL.

18 First of all, we want to stay thank you to the
19 staff for their work and consideration, because
20 there were multiple proposals that they looked at.

21 And to answer your question, this is -- there
22 is no doubt that staff's recommendation represents
23 a positive step forward in economic development,
24 but we still believe that the time is right to
25 promote further growth, and specifically we believe

1 that the staff recommendation can be enhanced to
2 approve what I think you are alluding to, the
3 ramp-up of the percentage of annual gross revenues
4 in the rule to .25 percent by 2023.

5 And the reason -- there is a couple of reasons
6 for that. We think that that would keep the rule
7 viable for a longer period of time and encourage
8 increased vibrant investment in economic
9 development, and allow us to expand our efforts
10 with the -- our efforts throughout the areas that
11 Crystal alluded to. And this would also allow us
12 to do this without having to come back here in a
13 few years to respond to changing needs of the
14 economy that we just can't foresee right now.

15 And, you know, I would be remiss if I didn't
16 add to what Commissioner Clark said, that it's
17 important to recognize that the economic
18 development has led to new load, new revenues that
19 benefit all of FPL's customers. It spreads fixed
20 costs over a greater customer base, puts downward
21 pressure on rates. And, you know, these new
22 businesses, together with their load, just in the
23 past have generated three times what we have been
24 able to spend on economic development that has been
25 recoverable. So we think that adding the increase

1 to the percentage would only enhance those
2 opportunities.

3 That's a long answer to a short question.

4 COMMISSIONER FAY: No. I appreciate it, and I
5 won't take it personally that you don't want to
6 come back and see us in the next few years.

7 Mr. Chairman, would it appropriate if I asked
8 OPC to respond to that?

9 CHAIRMAN GRAHAM: I was getting ready to do
10 that myself, but go ahead.

11 COMMISSIONER FAY: Thank you.

12 MS. CHRISTENSEN: Thank you. I appreciate
13 that.

14 Good morning, Commissioners. Patty
15 Christensen with the Office of Public Counsel.

16 While we can accept staff's recommendation as
17 written, we would like to offer some comments today
18 that, when we filed our comments with staff, we had
19 recommended putting a cap limit on Section B.

20 This limit has been set at essentially 3
21 million since 1995. And while we recognize that
22 that limit is -- needs to change, and we can concur
23 with that, we would recommend the cap be set at
24 10 million for Section B.

25 We would note that the rule does allow

1 utilities, especially any utility that can
2 demonstrate that it's using its economic
3 development money above, let's say a \$10 million
4 cap, to come in in the next rate case and get that
5 economic development level set at whatever level
6 that they can make a demonstration in that rate
7 case, along with the sharing level.

8 So what our concern is is the automatic
9 growth, particularly when we asked discovery
10 questions, and it was demonstrated that not one of
11 the utilities was spending more than what the
12 previous cap was.

13 If they had demonstrated through their
14 discovery -- or their data request responses that
15 they were, you know, either missing opportunities,
16 or spending more than what the cap was, then we
17 would have had a realistic number to look at and to
18 see what opportunities they were missing, but we
19 didn't have that information.

20 So we think the 233 percent increase from the
21 cap from 3 million to 10 million would be a
22 significant increase at this point. And, you know,
23 we recognize that all of the utilities will be
24 coming in within the next two to three years for
25 rate cases. And over the next two to three years,

1 if they can demonstrate that the 10 million, that
2 they are using the 10 million, and that there is
3 economic opportunities that they could be using,
4 they can present that in testimony in the rate
5 case, and under the rule the Commission can set
6 whatever the appropriate level is at that time.

7 But I would caution against just doing this
8 automatic trigger and ratcheting up. I think the
9 idea is that we do need to demonstrate that they
10 are actually using those funds going forward, and
11 then we can have that discussion at the next rate
12 case.

13 So that -- that concludes my comments, and I
14 appreciate being given the opportunity to speak.

15 Again, as we said, we can accept what the
16 staff has written, but we do have that concern
17 about the unlimited increasing level over time.

18 Thank you.

19 COMMISSIONER FAY: If I could just add some
20 response to that.

21 CHAIRMAN GRAHAM: Mr. Fay.

22 COMMISSIONER FAY: I was going to ask for a
23 follow-up with OPC.

24 CHAIRMAN GRAHAM: Sure.

25 COMMISSIONER FAY: Yeah.

1 Can you -- I think from your comments that you
2 don't have a specific issue with the proportional
3 adjustment. So in other words, having this
4 calculation based on the utility's -- what the
5 utility is spending related to this. It's not a
6 tier-up essentially, but the larger the company,
7 essentially, the more that they will be able to
8 spend on those services.

9 That makes sense to me. I think what you were
10 saying was the issue that you are raising is the
11 cap, and that at some point, if you set a ceiling,
12 you will have a future discussion about if that
13 ceiling should be moved. Is that accurate?

14 MS. CHRISTENSEN: I think essentially that is
15 correct. I mean, essentially, that would limit, at
16 this stage in the game -- which I think the only
17 company that would be impacted is FPL, and it would
18 allow them to move right now from a \$3 million cap
19 to a \$10 million cap. And then when they come in
20 in the next rate case, if they can demonstrate that
21 they are, you know, they are spending the
22 10 million and, you know, their shareholders are
23 having to pick up additional costs for economic
24 development, or that there are opportunities that
25 they could take advantage of if that was increased,

1 and that their level needs to be set at a different
2 level in the next rate case, subsection (a) allows
3 them to present that testimony, and then we can vet
4 it for that individual company.

5 All of the other companies under a \$10 million
6 cap would be within that 1.5 percent of their --
7 their actual gross adjusted revenue, so --
8 jurisdictional revenue.

9 So it would only really impact FPL. And it
10 would be -- it would allow for some interim
11 demonstration that they are going to not only spend
12 the 10 million, but maybe get a little bit more
13 skin in the game. Because like I said, what we saw
14 was they will spend to the cap, but they aren't
15 putting any more additional skin in the game.

16 And really, what we are looking for is if this
17 really is a voiding economic development
18 opportunities, we want to just see some evidence of
19 that, because then we could understand what type of
20 value can be placed on -- and what limit is
21 realistic.

22 COMMISSIONER FAY: Thank you.

23 And, Mr. Chairman, just one more follow-up. I
24 apologize. I just want to check with staff.

25 What I -- what I view Ms. Christensen saying

1 here for the adjustments, I believe Gulf Power --
2 Gulf Power would arguably be impacted too, and I
3 guess the distinction being that some of these say
4 lesser or greater. And so when we are discussing
5 the 10 million cap, I think for Gulf Power spending
6 at their limit now, and we are, you know, we are
7 hearing testimony today related to those areas, and
8 what they are trying do to get back up and running.

9 So a greater than application, which is what
10 staff recommended, would allow them to make an
11 adjustment going forward, correct? They would be
12 able to spend more than what they are currently
13 limited.

14 MS. DRAPER: This is Elisabeth Draper with
15 staff again.

16 You are absolutely correct commissioner. If
17 we -- as we have shown in Attachment B of the
18 recommendation, Column 5 lays out OPC's proposal.
19 And staff's concern with lesser was that it does
20 not give the smaller utilities, TECO, Gulf and
21 FPUC, an increase at all from their current cap.
22 And we have heard from the workshop and comments
23 that especially Gulf is very active in economic
24 development, so we would like for Gulf to see an
25 increase too in their potential spending.

1 COMMISSIONER FAY: Great.

2 And then, Mr. Chairman, would you indulge me
3 one more question?

4 CHAIRMAN GRAHAM: Sure.

5 COMMISSIONER FAY: Thank you.

6 My final question would just be probably for
7 Samantha Cibula.

8 So this item itself, if approved by the
9 Commission, is essentially kicking off the
10 rule-making process, and so if no adjustments would
11 be made, it can be approved for final adoption
12 under the rules; is that correct?

13 MS. CIBULA: Yeah, we will propose the rule,
14 so it would appear in the FAR, and then
15 substantially affected persons would have an
16 opportunity to request a rule hearing, and JAPC
17 would review the rule at the same time. And if we
18 don't get any comments from JAPC, and if no one
19 requests a hearing, then we can file the rule for
20 adoption with the Secretary of State without coming
21 back to the Commission.

22 COMMISSIONER FAY: Okay. Great.

23 Mr. Chairman, I don't know if anybody else has
24 any other comments, but I would like to get this
25 moving. And it sounds like, from what I have heard

1 from both sides, you don't love it. You don't hate
2 it. There is a little bit of give in both ways to
3 get there, and this just seems to be an adjustment
4 that's necessary, especially for a company like
5 Gulf, moving forward based on the numbers that are
6 in front of us.

7 So with that, I would motion, but I don't know
8 if anybody has anything --

9 CHAIRMAN GRAHAM: There is a few more. First,
10 let's hear from Gulf and TECO.

11 MR. GRIFFIN: Thank you, Mr. Chairman. Thank
12 you, Commissioners.

13 Steve Griffin, counsel for Gulf Power Company.

14 And I appreciate your comments, Commissioner
15 Fay, because that's exactly right. Under OPC's
16 proposal, our cap would remain where it is today.
17 And so that's problematic for us.

18 Much like Mr. King articulated, we are
19 supportive of the staff recommendation. We would
20 encourage you to, perhaps, consider the original
21 element of the utility proposal, which included
22 gradually increasing that percentage up through
23 2023. We think that that would be a valuable
24 enhancement.

25 And you heard from the gentleman speakers here

1 today in a different context, but they talked about
2 a lot of the economic development that's going on
3 in northwest Florida, in our service area.

4 Those are the businesses that we are
5 attracting and supporting through these efforts.
6 Those are the people that you heard from. And we
7 want to expand upon that, and this proposal will
8 enable us to do that.

9 And so we are in a very similar posture to
10 Florida Power & Light on this, and we appreciate
11 your consideration and here to answer additional
12 questions.

13 MR. BEASLEY: Thank you, Commissioners. Jim
14 Beasley for Tampa Electric Company.

15 I would also like to thank the staff for their
16 careful consideration of our proposal. We think it
17 would be beneficial for all Floridians to loosen up
18 and enable us to engage in greater economic
19 development.

20 We endorse the comments that Florida Power &
21 Light and Gulf have presented. We are ready to
22 move forward if you are prepared to move forward to
23 rule-making, and we thank you for the opportunity
24 to participate.

25 CHAIRMAN GRAHAM: Thank you.

1 Commissioner Brown.

2 COMMISSIONER BROWN: Well, first I want to
3 underscore what Commissioner Clark said, and I
4 think it's absolutely -- this industry is the
5 driver, the leader in economic development, and
6 there is a public benefit that all ratepayers get
7 from having economic development in their
8 territory.

9 I think the cap is somewhat limiting. I am
10 more inclined -- I know there is a motion on the
11 floor to support the staff recommendation, but I do
12 think the cap, as proposed, is limiting.

13 This is a dated rule that needs to be updated
14 given the economy and the circumstances that we are
15 in. And I was inclined to support the original
16 proposal by the industry, but I will wait and hear
17 from the other commissions here.

18 CHAIRMAN GRAHAM: Commissioner Clark.

19 COMMISSIONER CLARK: Thank you, Mr. Chairman.
20 Two observations.

21 Under OPC, under your proposal, you stuck with
22 lesser or \$10 million. So that would -- the only
23 person that would have a positive effect -- the
24 only utility with a positive effect would be FPL
25 this in this case, is that correct?

1 MS. CHRISTENSEN: When we originally were
2 writing comments back to the staff, we did include
3 the lesser of language, but my intent today was to
4 just amend the rule as proposed by staff today,
5 just to include the cap and increase that cap to
6 10 million over what was in the proposed rule, but
7 to make it a hard cap.

8 So it would still be the greater of 1.5
9 percent with a cap of 10 million, was my intent for
10 my comments today, recognizing that some of the
11 smaller companies would be curtailed if the lesser
12 language didn't make it clear that they could go up
13 to that \$10 million cap. My intent was only to
14 curtail the huge leap in economic development costs
15 borne by the customers specifically related to, you
16 know, that increase from 3 million, which is
17 where -- what the companies are spending today to
18 10 million is a 230-percent increase, to kind of
19 limit that shock on the increase in economic
20 development over a short period of time.

21 COMMISSIONER CLARK: I just want to make sure
22 we are on the same page with that difference.

23 The second point -- when this was originally
24 discussed, I am totally in favor of taking the
25 number up, the cap, I can live with or without. I

1 had actually suggested changing the 95 percent to a
2 90 percent amount that was shared as an offset to a
3 cap. Allow there not to be a cap and come back to
4 a 90 percent cost share. I don't know how the
5 utility companies would feel about that, but that's
6 a proposal that I had thrown out there very early
7 own, Mr. Chairman.

8 CHAIRMAN GRAHAM: Right now we have the staff
9 recommendation. It's been moved and seconded, so
10 let's deal with that.

11 Is there I any further discussion on that
12 motion?

13 Mr. Fay.

14 COMMISSIONER FAY: Mr. Chairman, just to
15 clarify. I was prepared to make a motion, but it
16 wasn't specifically exactly the same as staff's
17 recommendation.

18 CHAIRMAN GRAHAM: Well, then we will -- I will
19 pull back my second and you can make your official
20 motion.

21 COMMISSIONER FAY: Okay. Thank you.

22 I appreciate all the comments, and I think to
23 be somewhat -- to recognize the comments from other
24 Commissioners up here, I think what the Office of
25 Public Counsel stated, and the utilities have

1 stated, is there need to be some protections in the
2 way these expenses operate, and I think that the
3 submission of that information, the evaluation that
4 potentially occur related to a rate case are part
5 of those protections.

6 I think from everything I understand related
7 to OPC's comments today, the staff recommendation
8 specifically says greater of .15 percent or five
9 million as a cap. I know that some don't like a
10 cap, but I personally don't hate the idea of
11 everyone coming back to see us at some point to
12 discuss this further, and so to be consistent with
13 OPC's comments, what the utilities have said here
14 today, and I think in large part, of making sure
15 that these resources are expanded for the areas
16 that really need to expand them. But to provide
17 protections down the road for further discussion, I
18 think a cap of 10 million would be appropriate to
19 resolve that.

20 And I also just want to recognize that we are
21 in a legal posture where this notice of this rule
22 is being proposed, and the potential reality of a
23 rule hearing being requested that would impact the
24 speed of this process going forward, and I think
25 would potentially initiate a lot of debate and

1 discussion that lawyers -- lawyers love to debate,
2 right? So it might send us down that path.

3 From everything I understand about this, and
4 specifically the posture of Gulf Power, I think
5 this rule needs to get moving, and I think it needs
6 to -- the changes need to be made. And I think all
7 parties recognize that after, you know, more than
8 20 years and not having this adjusted.

9 So my motion would be to accept staff's
10 recommendation on Issue 1 with a modification of a
11 cap from five million to 10 million, Mr. Chair.

12 CHAIRMAN GRAHAM: That's a motion. Is there a
13 second?

14 Okay. It dies from lack of a second.

15 Commissioner Brown.

16 COMMISSIONER BROWN: I would like to explore
17 Commissioner Clark's idea of the sharing, lowering
18 the 95 percent to 90 percent.

19 Can we hear some comment from the utilities
20 and Public Counsel on that issue, starting with
21 Florida Power & Light?

22 MS. KING: Yes.

23 I would note that, initially, when this rule
24 was put into place 20 years ago, the sharing was at
25 90 percent, and this commission moved it to

1 95 percent because it was found that the 90 percent
2 was hindering the promotion of economic
3 development. So we are -- we really don't support
4 moving it to that.

5 And I would point out that, as we said in our
6 comments, even with the 95 percent cap, or five
7 percent, however you want to look at it, our
8 shareholders have contributed an additional
9 approximate over \$19 million between 2014 and 2018
10 in support of activities that promote economic
11 development. And these are below the line efforts
12 of workforce initiatives, advertising, marketing to
13 promote the economic development programs that we
14 have.

15 We are limited right now to the \$3 million
16 cap, which is why you see that. It's not that we
17 don't promote beyond that \$3 million.

18 COMMISSIONER BROWN: Oh, no, absolutely.

19 MS. KING: So I don't think moving to the
20 90 percent is necessary. We are certainly
21 promoting economic development through the
22 shareholders and well beyond what that 90 percent
23 would be.

24 COMMISSIONER BROWN: So can we talk a little
25 bit about the safeguards that are in place under

1 the utility proposal without a cap and with the
2 escalated percentages? Can you talk about what
3 type of safeguards or transparency that is
4 available to the Commission to track that?

5 MS. KING: Subject to check, I believe we file
6 our economic development expenses to the Commission
7 on an annual basis. So they are all justifiable
8 costs.

9 And I would say, even moving the percentage of
10 revenues up, you know, we are capped at whatever
11 that percentage of revenues would be. So anything
12 above that that we spend is certainly funded by the
13 shareholders.

14 COMMISSIONER BROWN: Mr. Chairman,
15 Commissioner Clark has a follow-up. I will defer.

16 CHAIRMAN GRAHAM: Sure.

17 COMMISSIONER CLARK: On that particular issue,
18 so changing from a 95 percent to a 90 percent, you
19 have got an additional cost there. Why would you
20 not just include the expenses that you are already
21 paying for through the shareholders in your
22 economic development budget? Is there a reason
23 that those wouldn't be -- just move those costs
24 over into the other fund and that makes up your
25 five percent differential?

1 MR. KING: I mean, we certainly can look at
2 doing that. I mean, right now we don't obviously
3 because we have a \$3 million cap. So it's just a
4 function of what we've had to do.

5 COMMISSIONER CLARK: But if you didn't have a
6 cap, and you had a -- you had 16 point --

7 CHAIRMAN GRAHAM: Nine.

8 COMMISSIONER CLARK: -- 9 million dollars in
9 budget, then you basically would be having to put
10 up -- 1.6 million of that would be coming from the
11 shareholder side, 15 million -- if you are
12 spending, you know, even five percent of the \$1.6
13 million, \$800,000 a year in shareholder expenses,
14 could you just move those over? Am I way off base
15 in the way I am thinking about this?

16 MS. KING: I think we could move a lot of
17 those over. I think part of what we would like to
18 do, and why we are promoting the percentage
19 increase in particular, is we would like to do
20 additional initiatives beyond what we do, and
21 retain flexibility to respond to situations like,
22 unfortunately, what faced Gulf. And so just to
23 touch on, if you just leave it in a rate case, you
24 lose that flexibility. If you just have a hard
25 cap, you lose that flexibility to respond to

1 changes in the economy, to natural disasters, to
2 totally be able to shift what we do with those
3 dollars from one year to the next.

4 COMMISSIONER CLARK: That doesn't make sense,
5 but --

6 CHAIRMAN GRAHAM: Staff, walk us through the
7 process. What happens after this?

8 MS. CIBULA: After this we issue a notice in
9 the Florida Administrative Register, which gives
10 substantially affected persons 21 days to request a
11 rule hearing. If a rule hearing is requested, then
12 we will schedule a rule hearing, and it will be in
13 front of the Commission, and they could, you know,
14 come in and argue for any changes that we should
15 make to the rule that we propose.

16 And then if the Commission decides to make
17 changes, then we will issue another notice. And
18 then after that time period runs, we can file the
19 rule for adoption.

20 If there is no changes after the rule hearing,
21 then we will be able to file the rule for adoption
22 after a certain amount of time as well.

23 So at this juncture, we are just -- you know,
24 we are going to propose a rule as to what the
25 Commission wants in the rule, and then

1 substantially affected persons will have an
2 opportunity to ask for a hearing if they do not
3 like what we propose.

4 CHAIRMAN GRAHAM: Okay. Commissioner Clark.

5 COMMISSIONER CLARK: Yeah. We heard FPL on
6 that. I would like to hear from Gulf and TECO on
7 that if they would.

8 MR. GRIFFIN: Thank you, Commissioner.

9 I think that -- first of all modification, the
10 sharing provision is not preferable for Gulf Power
11 Company. We mentioned that in our opposed workshop
12 comments in this proceeding.

13 I mean, irrespective of what the ultimate
14 number is, whether it's 3 million or whether it's
15 10 million, if you change the sharing percentage,
16 that means -- if you change it from 90 to -- 95/5
17 to 90/10, that means that shareholders are going to
18 be at 10 percent of whatever that total expenditure
19 is, so it's going to be more. And I think it's
20 naturally going to act as a disincentive for the
21 company to aggressively promote economic
22 development.

23 That's what this Commission found in 1995,
24 when they moved the sharing percentage from 90 to
25 95. That was the basis upon which the Commission

1 unilaterally made that decision, as I recall. It
2 was not utility advocated. It was a Commission
3 finding.

4 And I think that remains true today. And I
5 think it's based upon the premise that the
6 customer, by far, is the primary beneficiary of
7 these economic development efforts. It's not the
8 utility shareholders. It's the customers, for the
9 reasons we've articulated today.

10 MR. BEASLEY: Commissioner Clark, we would
11 concur with those comments. It was moved from
12 90 percent to 95 percent. There was some
13 discussion at that time, that was in 1998, to make
14 it 100 percent for the reasons mentioned by
15 Mr. Griffin. And we believe 95 percent is an
16 appropriate, well thought out percentage of
17 sharing, and we would adhere to that.

18 Thank you.

19 CHAIRMAN GRAHAM: Well --

20 MS. CHRISTENSEN: We would obviously
21 support -- if the companies are going to get a
22 significant increase in the amount of economic
23 development money, we would, of course, support
24 more sharing with the shareholders.

25 You know, while we recognize that customers do

1 receive a benefit from economic development,
2 economic development is not supposed to be a
3 substitute for marketing and advertisement for the
4 company's business in their own territory. So
5 there has to be some level of balance in what the
6 activities are, and that was why we advocated a
7 cap, because, you know, economic development is not
8 supposed to substitute for their -- their -- their
9 utility marketing and growth of their own business.

10 And we do recognize that there is benefit to
11 customers to have growth in the territory, but when
12 customers are essentially bearing the full cost, or
13 the majority of the cost at 95 percent, you know,
14 those costs should be capped, or held to a ceiling,
15 where it can be demonstrated that those costs are
16 really being used for purely economic development
17 type related activities. And that's why we are in
18 here suggesting a more measured approach into
19 allowing these costs to increase.

20 So we would support a 90 percent sharing if
21 there is going to be a significant increase above
22 the \$10 million cap. Otherwise, we still
23 recognize -- we would recommend that the customers
24 who are going to be paying the majority of the
25 portion of this, that that be limited until and

1 unless they can demonstrate that they need
2 additional costs for that.

3 Thank you.

4 CHAIRMAN GRAHAM: Well, I agree with
5 Commissioner Brown and Commissioner Clark. I think
6 that putting more skin in the game makes you more
7 diligent when it comes to spending those funds.
8 And to make it seem like the only person that gets
9 a benefit out of this is the ratepayers, I think,
10 is not correct. I think the utility, if you get a
11 lot of customers that come in there, the
12 ratepayers -- I mean, the stockholders are going to
13 see a positive benefit to that.

14 So it's not just all one-sided. And so there
15 is justification there. And I guess it allows you,
16 or it forces the utility to justify to those
17 stockholders as well spending that money.

18 And so -- I mean, because you are not -- you
19 are not justifying to the ratepayers day in and day
20 out, but you will be justifying to them. So I
21 think you have to be sure about what it is you are
22 doing, sure about what it is you are chasing after,
23 and being able to be able to confidently argue that
24 to your stockholders.

25 Commissioner Polmann.

1 COMMISSIONER POLMANN: Thank you, Mr.
2 Chairman.

3 We've heard from all the parties here. I am
4 reasonably clear on what the utilities' positions
5 are, and I have heard from Ms. Christensen, but I
6 would like to -- here again, the most important
7 thing I have heard is that you are not opposed to
8 the staff recommendation, but I am a little bit
9 unclear on your position on the cap, so if I may
10 ask for a clarification.

11 If we look at the staff recommendation, it's a
12 greater of the .15 percent of revenues and a cap of
13 \$5 million, and we see in Attachment B, column six,
14 what that leads to.

15 So if leaving the .15 percent, and then
16 considering the cap, can you clarify for me the
17 issue -- forget about the escalation and
18 percentages, and all that. Just looking at the
19 staff recommendation, can you maybe restate your
20 position on that?

21 MS. CHRISTENSEN: Correct. I will read some
22 language that I would suggest which would tweak it
23 to the position that we are proposing today, which
24 is a little bit different than what we filed in
25 comments, which would be -- Section B would read:

1 95 percent of the total economic development
2 expenses incurred for the reporting period so long
3 as the total economic expenses do not exceed .15
4 percent of jurisdictional gross and/or revenues,
5 and is capped at \$10 million.

6 COMMISSIONER POLMANN: Okay.

7 MS. CHRISTENSEN: That would be our suggested
8 language.

9 COMMISSIONER POLMANN: That's what I thought
10 you meant.

11 So it's .15 percent would with a maximum of
12 10 million?

13 MS. CHRISTENSEN: Correct.

14 COMMISSIONER POLMANN: So if we look at
15 Attachment B, just looking at the numbers, you
16 would limit Florida Power & Light to 10 million.
17 All the other numbers would, in this case, stay the
18 same --

19 MS. CHRISTENSEN: That is correct.

20 COMMISSIONER POLMANN: -- in that column?

21 MS. CHRISTENSEN: Correct, as of today --

22 COMMISSIONER POLMANN: Understood.

23 MS. CHRISTENSEN: -- now, that could change at
24 the next rate case.

25 COMMISSIONER POLMANN: Okay. Thank you for

1 that clarification.

2 CHAIRMAN GRAHAM: Does that conclude your
3 questions?

4 COMMISSIONER POLMANN: Yes. Thank you, Mr.
5 Chairman.

6 CHAIRMAN GRAHAM: Staff, is there -- is this
7 time sensitive? Is this something that needs to be
8 approved today?

9 MS. CIBULA: No. There is no statutory
10 deadlines for this?

11 CHAIRMAN GRAHAM: Well, I feel a little
12 uncomfortable making -- because it seems like we
13 are going to be making changes to the staff
14 recommendation. So I would rather defer this until
15 next hearing to -- for us to sit down to talk to
16 staff, and we can individually talk to staff on
17 things that we would like to see, or things that we
18 are talking about.

19 You have heard the conversation that's been
20 here today. Maybe if you will present us with some
21 more options, we can go with that.

22 So -- Commissioner Clark?

23 COMMISSIONER CLARK: Mr. Chairman, may I
24 suggest we consider just sending it to a rule
25 hearing?

1 MS. CIBULA: I guess if you propose, then it
2 would be a rule hearing. But if you just want
3 another workshop, you could do another workshop
4 before bringing it back to you to agenda.

5 CHAIRMAN GRAHAM: Commissioner Clark?

6 Well, then I think I am going to defer this,
7 and we will just defer it until -- we will defer it
8 until the next hearing, or unless we make some
9 changes before then.

10 Thank you very much for coming out, and sorry
11 for the delay.

12 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby
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IT IS FURTHER CERTIFIED that I
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DATED this 22nd day of May, 2019.



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